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Issue: 11-50

December 16th, 2011

- Manufacturing sales slip 1.2% in October
- BC police presence up substantially from 2001
- Number of EI recipients down 1.3% in October

The Economy

- Sales of goods manufactured in BC slipped 1.2% (*seasonally adjusted*) in October as shipments of non-durable goods declined (-3.9%). Decreased revenues among producers of leather (-7.0%), paper (-5.8%) and beverage & tobacco (-2.1%) products wiped out gains made by the printing & related support (+3.1%) and plastics & rubber (+4.2%) industries. On the other hand, sales of durable goods (+1.3%) finished notably higher. Computer & electronics producers (+10.6%) experienced a month of double-digit growth and were joined by wood (+9.8%) and furniture (+1.9%) producers to round out the industries that made the biggest gains.

Canadian sales of manufactured goods inched down (-0.8%) in October with the provinces reporting mixed results. Despite the national decline, October's sales were the second highest of any month in 2011.

Data Source: Statistics Canada

- The number of British Columbians receiving regular employment insurance (EI) benefits dropped (-1.3%, *seasonally adjusted*) to 58,490 in October. All but one province saw a decline in EI beneficiaries, resulting in a 1.0% decrease at the national level.

Data Source: Statistics Canada

- The number of new vehicles purchased in the province picked up speed (+2.3% *seasonally adjusted*) in October. Canadian sales were up 3.3%, with all provinces reporting increases. Saskatchewan (+11.8%) and parts of Atlantic Canada saw the biggest acceleration in sales.

Data Source: Statistics Canada

Firearms

- As of September 2011, there were 972,525 registered firearms in British Columbia. The province had approximately 225,451 valid firearms licence holders, an average of 4.3 guns per registered owner. BC has the lowest number of firearms per capita in Western Canada (23,635 per 100,000 population), well below the national average (24,882). Among the provinces, Saskatchewan has the highest rate of registered firearms (46,609 per 100,000 people), while PEI has the lowest (18,029). Nation-wide, the number of registered guns reached nearly 7.9 million in September, approximately 300,000 more than recorded in the same month last year. Nearly two million Canadians are licensed firearms holders. In 2010, the initial application screening led to the refusal of 570 firearms licence applications and continuous-eligibility screening led to the revocation of 2,229 firearms licences.

Data Source: RCMP Canadian Firearms Program

Police Resources

- As of May 2011, there were 8,966 police officers in the province, including 2,850 municipal police officers and 6,116 Royal Canadian Mounted Police (RCMP) officers. Overall, this was equal to approximately one officer for every 510 British Columbians. The number of police per 100,000 population in the province (196) was 1.8% lower than in 2010. Despite the most recent decline, police presence has increased substantially in BC over the past decade, jumping 15.9% between 2001 and 2011. Among the province's largest cities, there were 3,955 police officers in Vancouver, 556 in Victo-

Did you know...

BC shoppers list tighter budgets (47%) and not knowing what to buy (27%) as the most challenging aspects of holiday shopping. *Source: Ipsos Canada*

ria, 280 in Abbotsford-Mission and 201 in Kelowna, which adds up to one police officer per 605, 645, 627 and 890 population, respectively.

Among the provinces, Newfoundland & Labrador, which experienced an increase of 24.6% in per capita police officer strength between 2001 and 2011, saw the strongest growth in police detail. Other notable increases over this period were seen in Nova Scotia (+19.4%), Alberta (+13.9%) and PEI (+12.6%). Despite the recent growth in BC's police force, the province remains slightly below the national per capita rate of 201 officers per 100,000 Canadians. With 218 officers per 100,000 population, Saskatchewan had the highest rate for police strength among the provinces, while PEI (167) had the lowest.

- In 2011, slightly over a fifth (21%) of police officers in British Columbia were female, among the highest proportions in the country, second only to Quebec (24%). The percentage of female police officers in Canada has been increasing steadily over the past few decades. While females represented just 6% of all police officers in the country in 1990, by 2011, their proportion had grown to 20%.

Data Source: SC Cat. #85-225-XIE

Women and Education

- In 2009, 28% of Canadian women aged 25 to 54 had a bachelor or postgraduate university degree, double the proportion two decades prior (14% in 1990). This increase surpassed that for men over the same period (up from 17% to 25% between 1990 and 2006), such that a smaller proportion of men than women had a university degree in 2009. Among the provinces, women in BC and Ontario were the most likely to have a university degree, while those in Newfoundland and New Brunswick were the least. There are numerous factors that explain the disparity between education levels among men and women in the provinces, including the fact that some regions of the country attract university graduates born elsewhere.

- In the 2008 school year, 62% of Canadian university undergraduates were women and the proportion of female Master's graduates reached 54%. At the PhD level, female students remain in the minority (44% in 2008), though the share has been climbing significantly over the past decade. Women and men tend to choose different fields of study. In 2008, women accounted for over three quarters of the graduates in education and health sciences programs and two thirds of graduates in humanities, visual & performing arts, communications technologies, social sciences, behavioural sciences and law. Conversely, women remain far less likely to enrol in architecture, engineering, mathematics, computer and information sciences programs.

- In 2005, women aged 35 to 39 with a Masters or doctorate degree working full-year, full-time, earned an average of \$60,342 per year, whereas their male counterparts earned substantially more (\$72,201), a ratio of approximately 84 cents on the dollar. However, the gap is not nearly as wide among younger workers (aged 25 to 29), where women with a doctorate or Masters degree earned 96 cents for each dollar earned by their male counterparts.

Data Source: SC Cat. #89-503-XIE

The Nation

- Capacity use by Canadian industries continued to seesaw in the third quarter of 2011, climbing 1.4 percentage points between July and September. Industries operated at 81.3% of their full capacity during the third quarter, up from 79.9% in the previous quarter. Thirteen of the 21 industry groups in the manufacturing sector saw higher capacity use. In the non-manufacturing sector, production slowed at forestry & logging (-2.4 percentage points to 91.1%) establishments, but was up in all other industries.

Data Source: Statistics Canada

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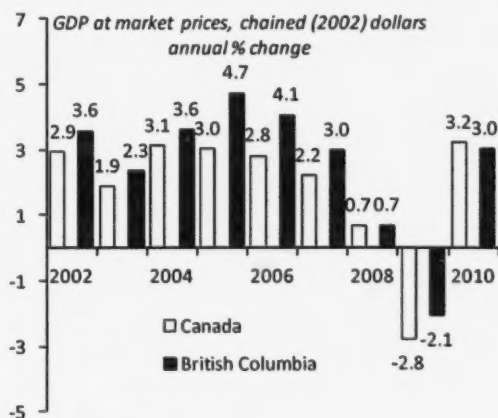
Infoline Report

Economic activity in B.C. bounces back in 2010

Gross domestic product rebounds in 2010

British Columbia's real gross domestic product (GDP) expanded 3.0% in 2010, a solid turnaround from the substantial retreat (-2.1%) registered in the previous year.¹ However, the rate of economic growth posted by B.C. was slightly behind the national average (+3.2%).

B.C.'s economy shows sign of life in 2010

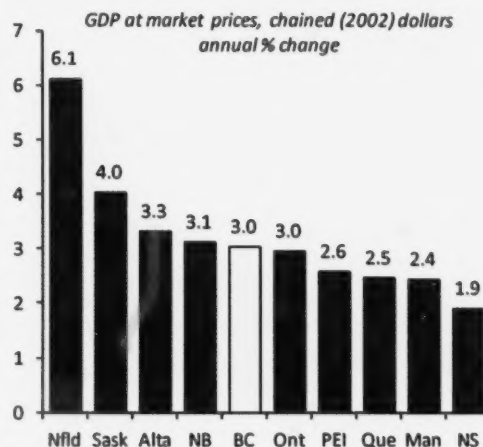


Data Source: Statistics Canada

Every province recorded economic gains in 2010. However, resource-based economies such as those of Newfoundland & Labrador (+6.1%), Saskatchewan (+4.0%) and Alberta (+3.3%) led the way in terms of growth. Comparatively, British Columbia's rate of

economic growth ranked fifth strongest among the provinces in 2010.

B.C. had the fifth strongest economic growth among the provinces



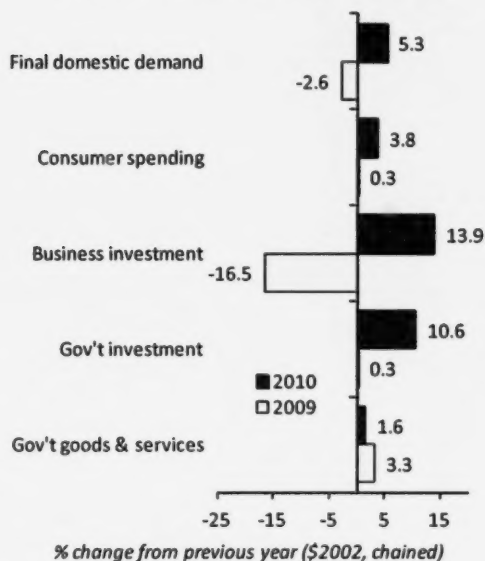
Data Source: Statistics Canada

Domestic demand drives expansion

The pace of economic growth in British Columbia was primarily driven by a 5.3% jump in final domestic demand (total personal, business and government spending), with business investment (+13.9%) and consumer spending (+3.8%) spurring much of the growth.

¹ Gross domestic product (GDP) figures quoted in this article are reported in chained (2002) dollars. Chained GDP have been adjusted to remove the effects of price variations and can be viewed as estimates of the volume of output and is therefore often referred to as "real" GDP. Unless otherwise noted, all figure are in chained 2002 dollars.

Business investment and consumer spending push domestic demand higher in 2010



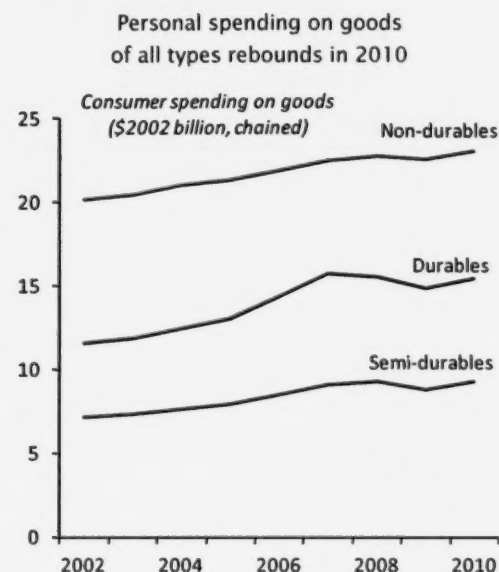
Data Source: Statistics Canada

Following back-to-back years of declines in 2008 (-0.9%) and 2009 (-4.6%), spending on durable goods, which includes many "big-ticket items" such as motor vehicles and major household appliances, rose 3.9% in 2010. This is in line with a slight turn-around (+2.5%) in the number of new motor vehicles sold in B.C.

While spending on durable goods did recover in 2010, this increase was lower than rates of growth registered during the years leading up to the economic downturn. During the four-year period from 2004 to 2007, durable goods spending rose at rates between 4.1% and 10.8%, considerably stronger than the 3.9% expansion recorded in 2010.

Spending on semi-durable goods such as clothing, footwear and household textiles rose sharply (+5.1%) in 2010, while expenditures on non-durables was up moderately (+2.1%) compared to the previous year. Unlike spend-

ing on durable goods, the rates of expansion for spending on semi-durables and non-durables were comparable to rates of growth realized in the years immediately preceding the recession.



Data Source: Statistics Canada

Despite the presence of adverse economic conditions, personal spending on services climbed 2.3% in 2009. In 2010, growth of expenditures on services continued to build momentum, rising 4.2%.

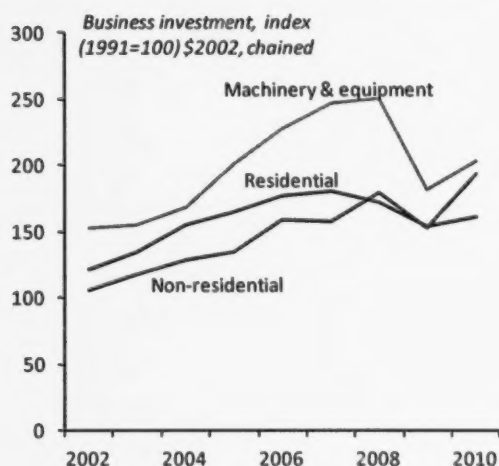
Goods and services purchased by the government sector also rose in 2010, increasing 1.6% during the year.

Investment by the business sector begins to recover

Total investment by the business sector rose 13.9% in 2010, making up much of the ground lost during the previous year. Investment retreated substantially (-16.5%) in 2009, marking the largest contraction in corporate investment recorded since the recession of 1982

(-21.4%). In the wake of the 1982 recession, business investment continued to weaken, shrinking three times over the course of the following four years. Therefore, compared to the 1982 recession, the current recovery in business sector investment has been quicker.

Business investment in residential and non-residential structures recovers in 2010



Data Source: Statistics Canada

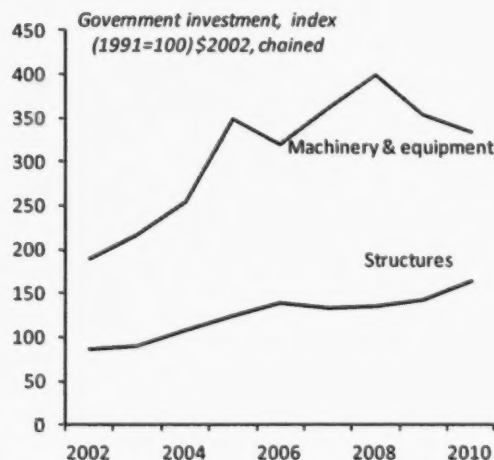
However, the pace set in 2010 may not remain as strong. Private sector respondents to the *Public and Private Sector Investment Intentions Survey* (conducted between October 2010 and January 2011) have indicated that spending on non-residential structures (measured in current dollars) will increase only slightly (+4.8%). On the other hand, general economic uncertainty may forestall current intentions or at the very least delay those projects until a time when corporations are more certain to see a return on their investment.

Government sector investment surges ahead in 2010

Capital investment by the government sector soared 10.6% in 2010, commensurate with efforts by the different levels of government to

encourage economic activity. While purchases of machinery & equipment continued to slide lower (-5.6%), investment in structures surged ahead 15.4%, the largest annual increase posted since 2005. Spending on structures covers infrastructure projects involving construction, extensive modification and repair to bridges, highways, schools and hospitals, as well as dams, sewage treatment and power plants.

Government investment in structures rises while outlays on machinery & equipment continue to slide in 2010



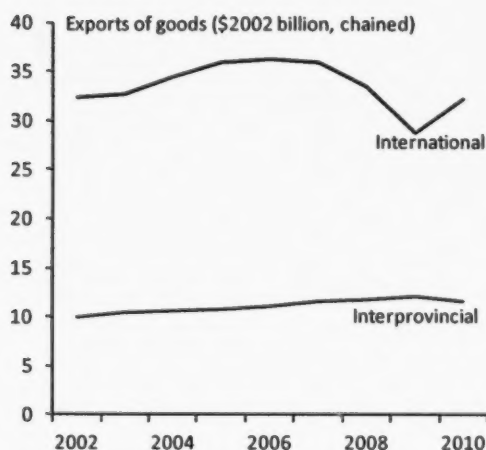
Data Source: Statistics Canada

Looking ahead to 2011, it is noteworthy to point out that public sector respondents to the *Public and Private Sector Investment Intentions Survey* have suggested that expenditures on non-residential structures will ease only slightly (-1.8%). However, once again, the current economic climate may pressure the government sector to continue to increase investment. Already governments at the federal and provincial level are distancing themselves from previous pledges to tighten fiscal spending.

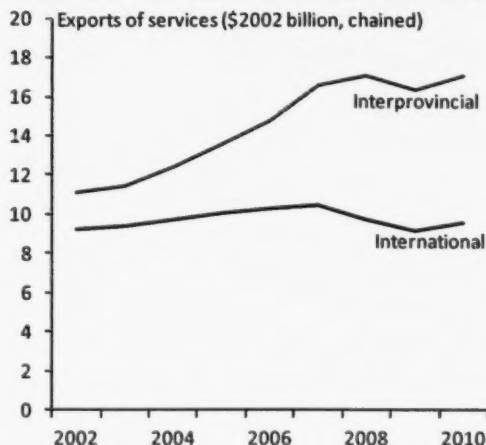
Exports begin to climb out of a two-year slump

Following back-to-back annual decreases in 2008 (-3.3%) and 2009 (-7.9%), exports from B.C. regained some of that lost ground with a 6.0% increase in 2010. While interprovincial exports were up moderately (+1.2%), most of the increase was due to increased exports to other countries (+9.8%). As more than three-quarters of international exports are in goods, an 11.8% increase recorded in exports of B.C. commodities was the main driver in the overall increase in shipments abroad.

International exports of both goods and services improve in 2010



Data Source: Statistics Canada



Data Source: Statistics Canada

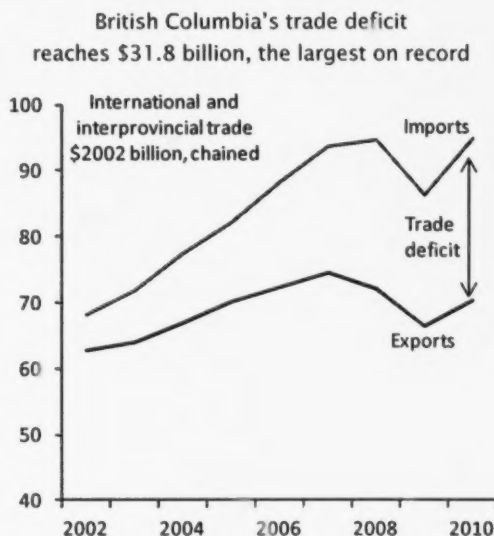
The current dollar value of exported B.C. commodities rose 15.3% in 2010, recovering some of the ground lost during the previous year (-24.3%). This was mainly spurred by a sharp increase (+28.5%) in shipments to countries other than the United States. Substantial double-digit increases in exports of forestry (+40.6%), industrial goods (+34.7%) and energy (+24.8%) products had the largest impact on the overall increase in the value of exports from B.C. in dollar terms. Also significantly higher were shipments of consumer goods (+26.0%) and automotive products (+25.9%).

Exports to the U.S. were up only slightly (+2.8%) compared to the previous year. However, this increase did follow four consecutive annual declines. Automotive (+26.1%) and energy (+10.2%) products were the only commodity groups to show significant increases in 2010. However, this growth was tempered by only slight growth in shipments of agricultural & fishing products (+1.8%) and declines in the values of machinery & equipment (-0.9%) and consumer goods (-0.4%) exports.

British Columbia's trade deficit deepens in 2010

Commensurate with the higher levels of consumer spending and business investment previously mentioned, imports of goods and services into B.C. shot up (+9.9%), slightly surpassing pre-recessionary levels.

This sharp increase in imports outpaced the growth in exports from B.C., deepening the province's overall trade deficit. After narrowing slightly in 2009, British Columbia's trade deficit expanded by roughly one fifth (+20.2%) to \$31.8 billion in 2010.



Data Source: Statistics Canada

Goods sector pulls ahead in 2010; service industries post modest gains

In 2010, industries in the goods-producing sector saw economic activity increase 6.8%, with utilities (-3.7%) the only major sector-level aggregation to post a decline. While the rebound in 2010 was not enough to offset previous slowdowns, it was sufficient to make a break with a recent negative trend. From 2007 to 2009, sector-wide GDP had been

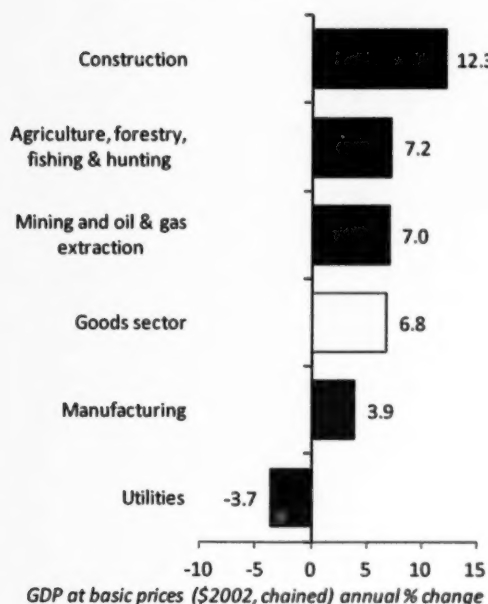
steadily contracting, falling 10.8% during the three-year period.

After sliding sharply (-9.3%) in 2009, the construction sector rebounded 12.3%, in line with increases in investment in residential and non-residential buildings in the corporate and government sectors.

Manufacturing, too, posted a significant drop during the previous year (-13.0%). However, unlike construction, GDP in manufacturing recovered only a portion (+3.9%) of that in 2010. Making gains during the year were the wood (+11.4%), food (+4.6%) and paper (+1.1%) industries. However, tempering growth in the manufacturing sector was weaker activity among manufacturers of non-metallic mineral (-6.3%), furniture (-4.8%) and fabricated metal (-4.4%) products.

Agriculture, forestry, fishing & hunting (+7.2%) also posted considerable gains in 2010. This increase was entirely the result of a double-digit (+16.0%) increase in the forestry & logging industry, as GDP in crop & animal production was virtually unchanged while fishing, hunting & trapping (-10.0%) and support for agriculture and forestry (-3.9%) both declined.

Growth in the goods sector is lead by an expansion in construction

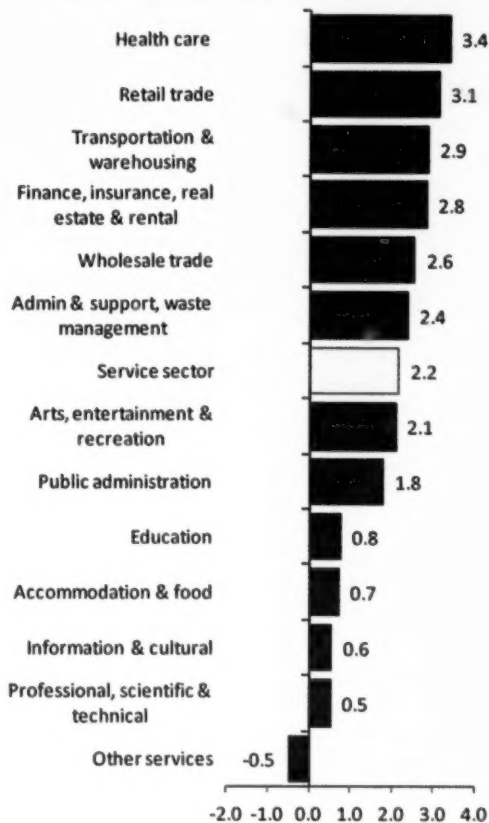


Data Source: Statistics Canada

The province's mining and oil & gas extraction sector strengthened (+7.0%), as the oil & gas extraction (+3.0%) and mining (+8.7%) industries both pushed ahead. Support activities for mining and oil & gas extraction saw GDP jump by more than one quarter (+25.7%) in 2010.

In the service sector, growth (+2.2%) was relatively less robust. The biggest gains were made in health care (3.4%) and retail (+3.1%), followed by increases in transportation & warehousing (+2.9%) and finance, insurance, real estate and rental (+2.8%).

Service sector GDP rises 2.2% on solid increases in the health, retail and finance industries



GDP at basic prices (\$2002, chained) annual % change

Data Source: Statistics Canada

Despite the increased tourism dollars resulting from the Olympic Games in Vancouver, only limited gains were made by the accommodation & food (+0.7%) and information and cultural (+0.6%) service industries. However, arts, entertainment & recreation (+2.1%) did see a modest increase during the year.

Real GDP per capita and personal disposable income per capita rise in 2010

British Columbia's per capita level of GDP rose 1.4% to \$36,899 in 2010, marking the first time in two years where the increase in the

province's economic activity outpaced that of population growth. However, per capita GDP remains well below the national average (\$38,826).

Provincial real disposable income on a per capita basis expanded 2.2% to \$26,166, slightly lower than the national average (\$26,571).²

Looking ahead to 2011

The sovereign debt crisis in Europe, many pundits predict, will make it all but impossible for the region to avoid another economic downturn. Debate now surrounds the length and depth of this recession and the demise of the Euro becoming a very real, however unlikely, possibility.

While the U.S. has seen some positive indicators of late, uncertainty around how best to tackle the level of government debt assures that recovery there will come in dribs and drabs rather than leaps and bounds.

So, while 2010 has been a welcome turning point following a relatively deep recession, the pace of the recovery will likely be slow, as is evident by the fact that the Bank of Canada has repeatedly emphasised the down-side risks to their prognostications.

² Personal income includes wages and salaries, unincorporated business income, miscellaneous investment income and transfers such as Employment Insurance or Canada Pension Plan benefits.

Disposable income is personal net of income taxes and other payment to government such as contributions to social insurance plans, medical insurance premiums and motor vehicle licences.



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BC at a glance . . .

| POPULATION (thousands) | | Jul 1/2011 | % change on one year ago |
|---|--|--------------------------|--------------------------|
| BC | | 4,573.3 | 1.0 |
| Canada | | 34,482.8 | 1.0 |
| GDP and INCOME (Released Nov 8) | | | % change on one year ago |
| (BC - at market prices) | | 2010 | |
| Gross Domestic Product (GDP) (\$ millions) | | 203,147 | 5.9 |
| GDP (\$ 2002 millions) | | 167,140 | 3.0 |
| GDP (\$ 2002 per Capita) (reflects revised pop) | | 36,899 | 1.4 |
| Personal Disposable Income (\$ 2002 per Capita) | | 26,166 | 2.2 |
| TRADE (\$ millions, seasonally adjusted) | | | % change on prev. month |
| Manufacturing Shipments - Oct 2011 | | 3,172 | -1.2 |
| Merchandise Exports - Oct 2011 | | 2,718 | -12.9 |
| Retail Sales - Sep 2011 | | 4,959 | 0.2 |
| CONSUMER PRICE INDEX | | % change on one year ago | 12-month avg % change |
| (all items - Oct 2011) | | | |
| BC | | 2.3 | 2.4 |
| Vancouver | | 2.1 | 2.3 |
| Victoria | | 2.1 | 2.2 |
| Canada | | 2.9 | 2.8 |
| LABOUR FORCE (thousands) | | Nov 2011 | % change on prev. month |
| (seasonally adjusted) | | | |
| Jobs Created (-Lost) - BC | | -6.6 | |
| Labour Force - BC | | 2,454.7 | 0.2 |
| Employed - BC | | 2,282.3 | -0.3 |
| Unemployed - BC | | 172.4 | 6.8 |
| | | | Oct 2011 |
| Unemployment Rate - BC (percent) | | 7.0 | 6.6 |
| Unemployment Rate - Canada (percent) | | 7.4 | 7.3 |
| INTEREST RATES (percent) | | Dec 14/2011 | Dec 15/2010 |
| Prime Business Rate | | 3.00 | 3.00 |
| Conventional Mortgages - 1 year | | 3.50 | 3.35 |
| - 5 year | | 5.29 | 5.19 |
| US-CANADA EXCHANGE RATE | | Dec 14/2011 | Dec 15/2010 |
| (avg. noon spot rate) Cdn \$ per US \$ | | 1.0406 | 1.0035 |
| (closing rate) US \$ per Cdn \$ | | 0.9619 | 0.9960 |
| AVERAGE WEEKLY WAGE RATE | | Nov 2011 | % change on one year ago |
| (industrial aggregate - dollars) | | | |
| BC | | 847.57 | 3.6 |
| Canada | | 851.35 | 2.8 |

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
For latest Weekly Financial Statistics see www.bankofcanada.ca

Regional Labour Force Participation Rate Projections

Forecasts of labour force participation rates are a key component of projections of future levels of employment. This report gives detailed projections of labour force participation by Development Region, by age and sex out to 2036.

<http://www.bcstats.gov.bc.ca/data/pop/pop/RegionalLFPR2011.pdf>

Open Data

Statistics Canada is implementing a new dissemination model. On February 1, 2012, the CANSIM database will be free to access and standard Census products will be free. In addition, Statistics Canada will no longer charge fees for the right to redistribute its information. Organizations will be encouraged to redistribute information under terms and conditions similar to the Government of Canada Open Data Licence Agreement for Unrestricted Use of Canada's Data. The objective of the new dissemination model is to provide users with maximum benefit from statistical information about Canada's economy and society.

Regional Employment Projections

Updated projections of employment by industry and occupation are now available. The data offers regional detail for College Regions and Development Regions with estimates for 2010 and projections for 2015.

<http://www.bcstats.gov.bc.ca/data/iss/repm.asp>

Released this week by BC Stats

- Exports, October 2011

Next week

- Quarterly Regional Statistics, 3rd Quarter 2011
- Consumer Price Index, November 2011
- Business Indicators, December 2011